

**ANNUAL REPORT  
OF THE  
PENSION MANAGEMENT  
OVERSIGHT COMMISSION**



**Indiana Legislative Services Agency  
200 W. Washington St., Suite 301  
Indianapolis, Indiana 46204-2789**

**November, 1998**

## ***Pension Management Oversight Commission***

### **Membership Roster**

#### **Representatives**

Thomas Kromkowski, Chair  
South Bend

Lawrence Buell  
Indianapolis

Richard Mangus  
Lakeville

Dan Stevenson  
Hammond

#### **Senators**

Joseph Harrison, Vice Chair  
Attica

Allie Craycraft  
Selma

Joseph O'Day  
Evansville

Thomas Weatherwax  
Logansport

#### **Lay Members**

Steve Meno  
Indianapolis

Connie Lux  
Lafayette

William Gettings, Jr.  
Lafayette

William Daniels  
Lebanon

#### **Legislative Services Agency Staff**

James Sperlik  
Fiscal Analyst for the Commission

Edward Gohmann  
Susan Montgomery  
Attorneys for the Commission

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Commission can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Pension Management Oversight Commission (PMOC) was created under IC 2-5-12 to oversee and study public retirement funds in Indiana and to study other topics as assigned by the Legislative Council. The Commission consists of twelve members: four Senators, four Representatives, and four lay members. The chairman of the Legislative Council appoints the chairman of the Commission.

Under IC 2-5-12 the Commission is required to do the following:

1. Study the investment and management practices of the boards of the public retirement funds.
2. Determine what constitutes adequate wage replacement levels at retirement (including benefits from public retirement funds and social security) for public employees.
3. Study the impact of federal law and proposals concerning pensions, annuities, and retirement benefits.
4. Study the public safety officers' retirement funds established under IC 36-8.
5. Study methods and levels of funding for public retirement plans.

The Commission may also study other topics assigned by the Legislative Council or as directed by the chairman of the Commission.

During the 1998 interim, the Legislative Council assigned the following topics to the Commission for study:

1. The conversion of the Public Employees' Retirement Fund ("PERF") to a defined contribution plan.
2. The creation of a separate retirement plan for town marshals.
3. The establishment of common and unified plans for self-insurance by the Indiana State Police.

The Chairman of the Commission determined that the Commission should study the following additional topics during the 1998 interim:

1. Various administrative issues of concern to the public retirement funds.
2. Investments in equities made by PERF and the Indiana State Teachers' Retirement Fund ("TRF").
3. A cost-of-living adjustment for members of the Indiana State Police retirement plans.
4. Unfunded pension liabilities of TRF and municipal police and firefighter pension funds.
5. Health insurance for retired State employees.

## **II. INTRODUCTION AND REASONS FOR STUDY**

### **A. Public Pension Fund Administrative Issues**

Since its inception in 1985, the Commission has provided a bipartisan forum for the study of proposed changes in the laws governing Indiana's public pension funds. This year, as it does each interim, the Commission reviewed numerous administrative issues raised by PERF and TRF.

### **B. PERF and TRF Investment in Equities**

Because both PERF and TRF will be investing hundreds of millions of dollars of fund assets in equities, the Commission believed it should monitor the progress the funds are making in their investing and the returns earned on those invested funds.

### **C. Unfunded Pension Liability of TRF and Municipal Police and Firefighter Funds**

The Commission decided that it would also review the unfunded pension liabilities of TRF and of the various local police and firefighter pension funds. As of June 30, 1997, the unfunded liability of TRF was approximately \$7.3 billion. As of June 30, 1998, the unfunded liabilities of the old municipal police and firefighter pension funds was approximately \$3.1 billion.

### **D. Conversion of PERF to a Defined Contribution Plan**

Under a defined benefit plan, an employee's retirement benefit is determined according to a precise formula, which generally is based upon the employee's years of service and a final average salary figure. In a defined contribution plan, the employee (or the employer and the employee) contribute each year a specified percentage of the employee's compensation. Public employers have traditionally used defined benefit plans as their main form of retirement plan for their employees. However, there has been a growing trend for public employers to shift their retirement plans away from traditional defined benefit plans and toward greater use of defined contribution plans. The Legislative Council requested the Commission to study the issue of whether PERF should be converted to a defined contribution plan.

### **E. Indiana State Police Issues**

The Commission periodically studies the cost-of-living adjustments that have been granted to retired public employees of particular Indiana public pension funds. In addition, the Legislative Council requested the Commission to study the issue of health insurance for retired officers of the Indiana State Police Department.

### **F. A Separate Retirement Plan for Town Marshals**

Under current Indiana law, town marshals in Indiana are covered under PERF, if their particular town has opted to participate in PERF. The Legislative Council requested the Commission to study the issue of whether a separate retirement plan should be established for town marshals.

### **G. Retired State Employees' Health Insurance**

Under current Indiana law, the state is required to provide a group health insurance plan to each retired state employee who meets certain conditions (e.g., the employee must be at least age 55, but not eligible for Medicare coverage, and the employee must have completed 20 years of employment with a public employer). A retired employee may participate in the group health

insurance program if he or she pays an amount equal to the employer's and the employee's premium for the insurance.

### **III. SUMMARY OF WORK PROGRAM**

The Commission held four meetings during the interim following the conclusion of the 1998 Session of the General Assembly. All four meetings were held at the State House in Indianapolis.

The first meeting of the Commission during the 1998 interim was held on August 12, 1998. This meeting was devoted to an introduction and brief discussion of the issues that the Commission planned to study during the 1998 interim. The Commission heard testimony on the issue of whether PERF should be converted to a defined contribution plan. The Commission also reviewed the initial proposals submitted by PERF and TRF concerning administrative issues affecting Indiana's public pension funds.

The second meeting of the Commission was held on September 9, 1998. At this meeting, the Commission heard testimony on the investments in equities that have been made by PERF and TRF, and the Commission also further reviewed the various proposed changes to the laws governing PERF and TRF. The Commission also reviewed proposed legislation concerning the Judges' Retirement System.

The third meeting of the Commission was held on October 7, 1998. At this meeting, the Commission heard additional testimony on proposed legislation concerning PERF, TRF, and the Judges' Retirement System, and the members voted on proposed drafts affecting those funds. In addition, the Commission heard testimony on the issue of cost-of-living adjustments and supplemental benefits for members of the State Police Benefit System, and it also reviewed proposed legislation concerning State Police Department funding of health insurance for retired Department employees. At this meeting, the Commission also heard testimony concerning the unfunded pension liabilities of PERF and TRF.

The fourth and final meeting of the Commission was held on October 21, 1998. The Commission heard testimony on the issue of the earnings cap limiting how much a retired PERF or TRF member may earn in a PERF-covered or TRF-covered position before the member's retirement benefits are suspended and the member is re-enrolled into active fund membership. The Commission also discussed the issue of line-of-duty death benefits for public safety officers. The Commission also heard testimony on the issues of: (1) military service credit for TRF members; (2) retired state employee health insurance; (3) unfunded pension liabilities of TRF and local police and firefighter funds; and (4) PERF vesting periods for elected county officials who are limited by the Indiana Constitution to two consecutive four-year terms. The Commission voted on recommendations concerning line-of-duty death benefits and the unfunded pension liabilities of TRF and local police and firefighter funds. In addition, the Commission reviewed and voted on its "Findings and Recommendations" that are to be submitted to the 1999 General Assembly.

### **IV. SUMMARY OF TESTIMONY**

#### **A. FIRST MEETING (August 12, 1998):**

1. Conversion of PERF to a Defined Contribution Plant

The Commission briefly reviewed the study topics that had been assigned to it by the Legislative Council. The Commission then discussed the other topics that it hoped to study during the interim.

The Commission then heard testimony on the issue of whether PERF should be converted to a defined contribution plan. Witnesses described the differences between a defined benefit plan and a defined contribution plan. They explained that a defined benefit plan provides a benefit based on a formula (which usually takes into consideration compensation and years of service), while a defined contribution plan provides for the contribution -- by the employer or the employee, or both -- of a specific percentage of the employee's compensation.

Witnesses explained that the annuity savings account portion of the current PERF benefit structure is similar to a defined contribution plan, and that PERF in effect has a hybrid system containing both a defined benefit component and a component -- the annuity savings account -- that is similar to a defined contribution plan.

## 2. Indiana State Police Issues

Mr. Steve Buschmann, representing the Indiana State Police Alliance, testified briefly on issues concerning retirement benefits for Indiana State Police officers. He explained that Indiana State Police officers have a mandatory retirement age of age 60, and he noted that many of the officers in the Pre-1987 Plan are not covered by Medicare. He stated that this has led to retirees spending a large portion of their retirement benefits to pay for health insurance.

## 3. Public Pension Fund Administrative Issues

At the first meeting of the Commission, Ms. Braitman, Mr. Mark Webb, the Acting Director of PERF, and Dr. Mary Pettersen, the Director of TRF, briefly described the proposals that PERF and TRF planned to bring before the Commission.

The following changes were proposed by PERF and TRF:

- (A) allow retirees to change beneficiaries in certain circumstances;
- (B) allow PERF and TRF to pay estimated benefits;
- (C) allow PERF and TRF members to bifurcate the pension portion of their benefit from the annuity savings portion for purposes of the time at which those benefits begin;
- (D) give PERF and TRF the authority to "cash out" small accounts with a total lifetime benefit of less than \$200 if there has been no activity on the account within two years;
- (E) change the limit on the amount a PERF or TRF retiree may earn in covered position so that it would be a fixed amount, adjusted for inflation, and would not be tied to a federal Social Security index.
- (F) allow for up to one year of adoption leave in TRF;
- (G) make the TRF private school service credit provision consistent with other service credit provisions by allowing the purchase of private school service credit to be made after one year, while still providing that the member could not receive a benefit based on those purchased years of service until the member had ten years of in-state service;
- (H) enact an enforcement mechanism that could be used by PERF if an employer does not timely provide contributions and membership records;
- (I) enact a 90-day time limit within which disability hearings held by local boards under the 1977 Fund law. She noted that under the current law there is no time period within which a hearing must be held. Ms. Braitman also stated that PERF was proposing a requirement that a local board must make its determination within 30 days after holding a disability hearing;
- (J) address the problems in which some persons had been erroneously enrolled in PERF;

- (K) change the valuation dates for PERF and TRF members' annuity savings accounts;
- (L) provide that when a unit converts to 1977 Fund coverage, the 1977 Fund's age restrictions would not apply to employees of the converting units; and
- (M) allow judges in the Judges' Retirement System to purchase, at full cost to the judges, service credit for prior service in PERF-covered positions.

#### 4. Emergency Medical Service Employees; Correctional Officers

Mr. Tim Hudson of the Delaware County Emergency Medical Service addressed the Commission concerning a pension issue affecting emergency medical service workers. Mr. Hudson explained that many emergency medical service employees leave their jobs and join police and fire departments, in part because of the better pension benefits available under the 1977 Fund. He suggested that counties should be given the option of establishing separate pension funds for emergency medical service employees, and he stated that these funds could be structured similarly to the funds established for officers in a county sheriff's department.

#### 5. Other Issues

Commission members also heard discussed or heard testimony on the following issues at the Commission's first meeting:

(A) Legislation for PERF and TRF cost-of-living adjustments or for supplemental "thirteenth checks" often is introduced without being studied by the Commission. The Commission should consider making an annual recommendation on the need for and amount of cost-of-living adjustments.

(B) The Commission should consider recommending that the General Assembly use a portion of the state budget surplus to address the unfunded pension liabilities of TRF and local police and firefighter pension funds.

(C) PERF and TRF should address the Commission concerning those funds' progress in investing in equities. A number of Commission members expressed concern over the progress that TRF had made in its plan to invest fund assets in equities. These Commission members agreed that TRF should take a cautious approach to investing in equities, but that it appeared that TRF had been very slow in beginning its investments.

### **B. SECOND MEETING (September 9, 1998):**

#### 1. Judge's Retirement System

The Commission heard testimony from Judge Mary Lee Comer, representing the Indiana Judges' Association. Judge Comer presented a preliminary draft that included several proposals concerning the Judges' Retirement System. The proposed legislation would: (A) add magistrates as participants in the Judges' Retirement System; (B) provided that a participant of the 1977 Judges' Retirement System and participant of the 1985 Judges' Retirement System would eligible for normal retirement benefits if the participant is at least 55 years of age and the participant's age in years plus service is at least 85; (C) allow participants in the Judges' Retirement System to purchase service credit for prior service in Indiana public employee retirement funds; and (D) provide a cost of living adjustment for participants in the Judges' Retirement System.

#### 2. PERF and TRF Issues

The Commission heard additional testimony and conducted further review on the proposed drafts concerning PERF and TRF administrative issues.

### 3. Dual Service in Public Pension Funds

The Commission heard testimony from Mr. Mark Webb, Acting Director of PERF, concerning several instances in which PERF had erroneously enrolled members who were already covered by different public pension plans. The erroneously enrolled members had participated in PERF for a significant amount of time, but under the statutes governing PERF were not entitled to a PERF benefit because they were members of other public pension funds. Mr. Webb suggested that, in order to be fair to these erroneously enrolled members, PERF was proposing narrowly focused and temporary legislation to allow these few members to receive benefits.

### 4. PERF and TRF Investment in Equities

The Directors of PERF and TRF testified concerning the status of those funds' investments in equities and the chronology of their efforts to begin investing in equities. A number of Commission members expressed their concern over the time that it took TRF to begin its initial investments. The investment analyst for TRF testified that TRF began its initial investment in equities on August 5, 1998, with \$200 million, and that an additional \$202.5 million was invested in large cap stocks funds and \$60 million invested in small cap funds, both on September 1, 1998. In response to questions about the rate of return that would have been earned if the TRF had invested in September, 1997, instead of August, 1998, TRF's investment analyst noted that the S&P 500 Index was up 10.3% during that time period and that the TRF portfolio had about the same return for that time period. Some PMOC members expressed concern that even if the results show good fortune in the timing of the investment in equities, which led to results equivalent to the rate of return of the S&P 500 Index, they felt that the TRF should have invested the money earlier.

Mr. Webb, the Acting Director of PERF, testified that it was the goal of the PERF Board of Trustees to move on a monthly basis toward the target allocation of 60% in equities and 40% in fixed income instruments. Mr. Webb also testified that PERF is investing approximately \$120 million per month. He predicted that PERF would achieve its target allocation goal in the next 12 to 18 months.

### 6. Other Issues

At its second meeting, Commission members also briefly discussed issues concerning: (A) State employee retiree health insurance; (B) line-of-duty death benefits for public safety employees; (C) possible Commission recommendations concerning appropriations for the unfunded pension liabilities of TRF and municipal police and firefighter pension funds; and (D) whether the Commission should make an annual recommendation concerning the amount, if any, of cost-of-living adjustments for PERF and TRF members.

## **C. THIRD MEETING (October 7, 1998):**

### 1. Indiana State Police Issues

The Commission again heard testimony on issues concerning the Indiana State Police. Mr. Steve Buschmann, representing the Indiana State Police Alliance, presented two proposed drafts to the Commission. The preliminary drafts discussed by the Commission included: (A) a proposed cost-of-living adjustment for retired members of the Indiana State Police 1987 Plan; (B) proposed



changes to the supplemental benefit provided to members of the Pre-1987 Plan; and (C) a proposal under which the Indiana State Police Department would be required to pay the premium for health insurance coverage for each retired police employee and each retired civilian employee of the Indiana State Police Department who is participating in the Department's insurance plan. This last proposal would require each active member of State Police to pay a percentage of the employee's salary into the Fund. It would also require each retired employee participating in the insurance plan to contribute each month an amount equal to 1% of the retired employee's monthly pension benefit.

Mr. Buschmann distributed a study conducted by Milliman & Robertson, Inc., Actuaries and Consultants, in which the authors of the study state that the present value net cost of providing retiree health insurance under the proposal would be \$26.02 million if the full benefits will be available immediately. The report also noted that, assuming no initial surplus and no additional funding, the plan would maintain a positive surplus during each of its first seven years, and that a level annual payment of \$1.77 million would be required for all years after the first seven years to fund the ultimate deficit generated by the proposed program.

## 2. PERF and TRF Issues

The Commission continued to review and hear testimony on the proposed legislation concerning PERF and TRF administrative issues. A number of interested parties voiced concern about a provision concerning the allowable annual earnings before a retired fund member is re-enrolled as an active member. The dollar limit in this provision is currently tied to a Social Security index that is scheduled to rise significantly over the next few years. The Commission discussed whether to "unlink" the state earnings cap from the federal index. The Commission ultimately decided to remove the provision and instruct the funds and the interested parties to attempt to work out a solution to this issue.

## 3. Judges' Retirement System

The Commission again heard testimony concerning proposed changes to the Judges Retirement System.

## 4. Discussion on Unfunded Pension Liabilities

The Commission heard testimony on the issue of the unfunded pension liabilities of TRF and the municipal police and firefighters pension funds. Mr. Tom Miller, representing the Indiana Professional Firefighters, testified concerning the future problems municipalities would face because of the unfunded liabilities of the police and firefighter funds. He testified that the unfunded liabilities of those funds exceeded \$3 billion.

Mr. Doug Todd, McCready and Keene, the actuaries for PERF, delivered a report to the Commission discussing the steps the General Assembly had taken in the past to address the unfunded pension liabilities of the police and firefighter funds. His report outlined several possible options the General Assembly could take to further address the issue, and he discussed the potential consequences of the various options. For example, Mr. Todd testified that an additional \$100 million appropriated to the state Pension Relief Fund in 1999 would allow the "M" portion of that fund to last about 2.5 years longer than without the additional funds. Mr. Todd also testified that if \$20 million per year were contributed to the old police and firefighter funds, along with the one-time appropriation of \$100 million, the "M" fund would last approximately 10 years longer than if no steps were taken.

Mr. Dennis Maloy of the Indiana Association of Cities and Towns and Mr. Leo Blackwell, representing the Indiana Fraternal Order of Police, both testified concerning the magnitude of the

unfunded pension liabilities problem, and both requested that additional measures be taken to address the problem.

Dr. Mary Pettersen, Director of the TRF, and Ms. Denise Jones of Gabriel Roeder Smith & Co., actuaries for the TRF, testified concerning the unfunded pension liabilities of TRF. Ms. Jones told the Commission that the unfunded liabilities for TRF totaled about \$7.3 billion as of June 30, 1997. Ms. Jones distributed to the Commission a memorandum that showed the impact of additional appropriations on the unfunded liabilities of TRF. Mr. Steve Moberly of the Indiana Retired Teachers' Association testified that retired teachers were grateful to the Indiana General Assembly, prior governors, and the present governor for past appropriations that were designed to reduce TRF's unfunded liability. He did note that the size of the TRF unfunded pension liability is still very large, and he warned against letting the funding levels for the 1996 Account of TRF fall. Mr. Moberly also testified that during the past session the General Assembly paid for the TRF COLA without adding to the unfunded liability.

#### **D. FOURTH MEETING (October 21, 1998):**

##### **1. PERF and TRF Earnings Limits for Retired Members**

The Commission again discussed issues related to the existing limit on how much a retired PERF member or TRF member who is receiving benefits may earn in a PERF-covered or TRF-covered position before the member's benefits are suspended and the member is reinstated into active fund membership. The Commission discussed two proposals: one proposal would set the earnings limit at \$15,500, and thereafter tie the limit to a Consumer Price Index; the second proposal would retain the current Social Security index earnings limits, and simply clarify the application of the limit and the time period.

A number of witnesses testified in favor of the second proposal, which was adopted by the Commission later in the meeting.

##### **2. Line-of Duty Death Benefits for 1977 Fund Members**

The Commission also discussed the issue of line-of-duty death benefits for 1977 Fund members. Senator Allie Craycraft opened the discussion by commenting that he believed the current definition of "dies in the line of duty" that is used in the 1977 Fund law is too restrictive and did not correctly express the General Assembly's intent on the issue. Senator Craycraft's suggestion was to broaden the definition by amending the statute to provide that deaths resulting from actions the member is required by rule, regulation, or condition of employment to perform would be considered "in the line of duty," even if those actions were not taken in the course of reducing crime or enforcing the law (for a police officer) or on the scene of an emergency run or on the way to or from the scene (for a firefighter). After Commission discussion, the Commission voted to recommend this suggested change and include the suggested change in the Commission's recommended legislation.

##### **3. Military Service Credit for TRF Members**

The Commission heard testimony from Ms. Denise Jones of Gabriel Roeder Smith & Co., actuaries for TRF, concerning military service credit for TRF members. She explained to the Commission that TRF had surveyed 30,000 TRF retirees, with 4,000 responding. The results of the survey showed that: (1) the average teaching service of those who responded was 30.7 years, with the average military service amounting to 2.5 years; (2) the average age of the respondents was 71.9 years and the average current pension was \$11,184; and (3) the average increase in pensions if six years of military service were granted would be 7.8%.

Ms. Jones testified that if up to six years of military service credit were granted to those retirees who had military service but did not qualify under existing military service credit provisions, the increase in TRF's unfunded accrued liabilities would be approximately \$24.2 million, with the increase in payout for the first year amounting to \$2.5 million and \$2.4 million in the second year. Dr. Mary Pettersen, Director of TRF, testified concerning the existing military service credit provisions. Dr. Pettersen also noted that the survey has been mailed to active teachers and that she expects the results within one month.

#### 4. Retired State Employee Health Insurance

Mr. Keith Beesley, an attorney for the State Department of Personnel, testified concerning retired state employee health insurance issues. Mr. Beesley distributed a document showing the current number of early retirees by type (single and family), the health plan under which they are covered, and the current bi-weekly employer and employee costs. Mr. Beesley explained that the state offers the same insurance to retirees as it does to active state employees, but that a retiree must contribute both the employer and employee portions of the health insurance. Mr. Beesley also testified that current health insurance claims experience reveals that it costs 2.134 times as much to insure a retiree as it does a non-retiree participant.

Ms. Cordelia Lewis, representing the American Federation of State County and Municipal Employees (AFSCME), commented that most retirees do not have a pension large enough to pay the health insurance premium. Representative Kromkowski suggested that the Commission study the issue of retired state employee health insurance in-depth during the next interim.

#### 5. Unfunded Pension Liabilities of TRF and Police and Firefighter Funds

The Commission also discussed the recommendation it would make to the General Assembly concerning additional funds to be appropriated for the unfunded liabilities of TRF and police and firefighters funds. The Commission ultimately adopted language urging the General Assembly to appropriate money during the upcoming biennium for the TRF Pension Stabilization Fund and the Pension Relief Fund.

#### 6. PERF Vesting for Certain Elected County Officials

The Commission also heard brief testimony from Mr. Matt Brooks of the Association of Indiana Counties. Mr. Brooks made a brief presentation suggesting that the ten-year PERF vesting period be changed to eight years for elected county officials who are limited by the Indiana Constitution to two consecutive four-year terms. He testified that this suggested change would allow the vesting of approximately 50 persons who would otherwise not vest in PERF. Some Commission members questioned whether this proposed change would be fair to the employees of the elected county officials, because these employees would still need ten years to vest.

### **V. COMMISSION FINDINGS AND RECOMMENDATIONS**

#### A. The Commission made the following findings of fact:

1. The General Assembly has taken numerous steps to address the unfunded liability of municipal police and firefighter pension funds. The General Assembly has: (1) established the actuarially funded 1977 Police Officers' and Firefighters' Pension and Disability Fund; (2) established the state Pension Relief Fund to help pay the rapidly increasing police and firefighter pension burdens on cities and towns; (3) funded additional pension relief through the lottery and through appropriations; and (4) enacted P.L.22-1998 (SEA 120), which moved more than \$400 million in unfunded liability from the old police and firefighter plans to the fully-funded 1977 Plan.

However, after all of the efforts of the last 20 years, the remaining unfunded accrued liability in the old municipal police and firefighter pension funds is approximately \$3.1 billion.

2. The General Assembly has taken a number of steps to reduce the unfunded pension liabilities of TRF. Lottery money has been allocated to TRF. In 1995, the General Assembly established the "1996 Account" of TRF, which is to be actuarially funded. In addition, the General Assembly established and appropriated money for the Pension Stabilization Fund. These steps have reduced the TRF unfunded pension liability.

However, even with these efforts the unfunded liability of TRF was approximately \$7.3 billion on June 30, 1997.

B. The Commission made the following recommendations:

1. The Commission voted 7-0 to recommend PD 3438, as amended, to the General Assembly. This draft addresses numerous administrative issues of concern to the public pension funds of Indiana.<sup>1</sup>

2. The Commission voted 7-0 to recommend PD 3338 to the General Assembly. This draft includes several items concerning the Judges' Retirement System.

3. The Commission voted 9-0 to recommend the amendment of the definition of "dies in the line of duty" in IC 36-8-8-14.1(d)(1) and (d)(2). Existing law defines the term to mean a death resulting from either:

"(1) any action that the member, in the member's capacity as a police officer, is obligated or authorized by rule, regulation, condition of employment or service, or law to perform in the course of controlling or reducing crime or enforcing the criminal law" or

"(2) any action that the member, in the member's capacity as a firefighter, is obligated or authorized by rule, regulation, condition of employment or service, or law to perform while on the scene of an emergency run (including false alarms) or on the way to or from the scene."

The Commission's recommendation was to amend the section to provide that the term "dies in the line of duty" means a death resulting from **either** (1) any action the member is obligated by rule, regulation, etc., to perform; **or** (2) any action in the course of controlling or reducing crime or enforcing the criminal law (in the case of a police officer) or any action while on the scene of an emergency run (including false alarms) or on the way to or from the scene.

4. The Commission voted 8-2 to recommend the provisions in SECTION 2 of PD 3560.

5. The Commission voted 9-0 to make the following recommendation to the General Assembly concerning the unfunded pension liability of TRF and local police and firefighter funds:

---

<sup>1</sup>See Appendix 1 for the synopses of the drafts recommended by the Commission.

"Whereas, the unfunded pension liabilities of the old municipal police and firefighter pension funds were approximately \$3.1 billion on June 30, 1998; and

"Whereas, the unfunded pension liabilities of the teachers' retirement fund were approximately \$7.3 billion on June 30, 1997: Therefore,

"The pension management oversight commission urges the general assembly to appropriate money during the upcoming biennium for the pension stabilization fund of the teachers' retirement fund and for the pension relief fund."

## WITNESS LIST

### **August 12, 1998**

Doug Todd, McCready and Keene  
Mary Beth Braitman, Ice, Miller, Donadio & Ryan  
Steve Buschmann, Buschmann Carr & Shanks  
Mark Webb, Acting Director of PERF  
Dr. Mary Pettersen, Director of TRF  
Steve Moberly, Indiana Retired Teacher's Association  
Tim Hudson, Director, Delaware County Emergency Medical Service

### **September 9, 1998**

Mary Beth Braitman, Ice, Miller, Donadio & Ryan  
Mark Webb, Director of PERF  
Dr. Mary Pettersen, Director of TRF  
Honorable Mary Lee Comer, Judge, Hendricks County Court  
Robert Newland, TRF Investment Analyst

### **October 7, 1998**

Mary Beth Braitman, Ice, Miller, Donadio & Ryan  
Mark Webb, Director of PERF  
Dr. Mary Pettersen, Director of TRF  
Doug Todd, McCready and Keene  
Steve Buschmann, Buschmann Carr & Shanks  
Steve Moberly, Indiana Retired Teacher's Association  
Phil Conklin, Indiana Retired Public Employees  
Thomas E. Fruechtenicht, Indiana Judges' Association  
Thomas Miller, Professional Firefighters of Indiana  
Leo Blackwell, Fraternal Order of Police  
Dennis Maloy, Associate Director of Legislative Services, Indiana Association of Cities and Towns  
Denise Jones, Gabriel, Roeder, Smith and Co.

### **October 21, 1998**

Mary Beth Braitman, Ice, Miller, Donadio & Ryan  
Doug Todd, McCready and Keene  
Phil Conklin, Indiana Retired Public Employees  
Steve Moberly, Indiana Retired Teacher's Association  
Norma Kacen, Indiana State Teachers' Association  
Gail Pluta, Indiana Federation of Teachers  
Dr. Mary Pettersen, Director of TRF  
Denise Jones, Gabriel, Roeder, Smith and Co.  
Keith Beesley, State Department of Personnel  
Cordelia Lewis, American Federation of State, County, and Municipal Employees  
Matt Brooks, Indiana Association of Counties